

Message Text

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PAGE 01 LIMA 03777 032222Z

ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01

INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06

SP-02 LAB-04 SIL-01 OMB-01 STR-07 /084 W

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FM AMEMBASSY LIMA

TO AMEMBASSY CARACAS

INFO SECSTATE WASHDC 9844

UNCLAS LIMA 3777

E.O. 11652: NA

TAGS: EINV, EIND, ELTN, PE, VE

SUBJECT: GOV PROPOSAL RE MACK TRUCK

REF: CARACAS 3836

1. OUR ESTIMATE OF THE PERUVIAN REACTION TO THE EFFORTS OF DOMINGUEZ AND FIGUEREDO TO UNDO THE EFFEC OF PRESIDENT PEREZ' TURNAROUND ON MACK CAN ONLY BE SPECULATIVE. DIRECT ECONOMIC SELF-INTEREST WOULD LEAD THE PERUVIANS TO INSIST THAT VENEZUELA COMPLY TO THE LETTER WITH THE VARIOUS AUTO AGREEMENTS AND NOT AUTHORIZE ADDITIONAL COMPETITION FOR VOLVO OF PERU'S EFFORTS TO PENETRATE THE RICH VENEZUELAN MARKET. HOWEVER, IN PERU'S PRESENT FINANCIAL CRISIS DEPENDENCE ON VENEZUELAN ASSISTANCE COULD CAUSE PERU TO ACQUIESCE TO A REQUEST FROM CARACAS.

2. THERE MAY BE COME CONFUSION OVER TERMINOLOGY. THE AUTOMITIVE SPID (DECISION 120) ALLOWS THE COUNTRIES UNTIL DCEMBER 31, 1978 TO CHOOSE THE BASIC MODELS AND COMPANIES TO MATCH THEIR ASSIGNMENTS. A REALTED QUADRIpartite AGREEMENT (EXCLUDING ECUADOR) COVER VARIOUS SUBJECTS INCLUDING DIESEL ENGINE PROUDCTION. IT IS OUR UNDERSTANDING THAT IT IS THIS DRAFT AGREEMENT WHICH SPECIFIES THE TWO HEAVY DIESEL ENGINE PRODUCERS

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VOLVO AND PEGASO. WE ARE TOLD THE AGREEMENT IS IN DRAFT FORM AND HAS NOT YET BEEN SIGNED. ANCOM TECHNICIANS CHARGED WITH OVERSEEING THE AUTO SPID HAVE TOLDUS THEY SEE NOTHING TO PRECLUDE VENEZUELA FROM AUTHORIZING MACK TO PRODUCE SOLEY FOR THE VENEZUELAN MARKET SO LONG AS DOMESTIC DEMAND EXCEEDS PRODUCTIVE CAPACITY. THIS OPINION SHOULD NOT BE

CONSIDERED AN AUTHORIATIVE LEGAL INTERPRETATION
AND WE FIND IT DIFFICULT TO SQUARE WITH ARTICLE 57
OF DECISION 120 WHICH CALLS FOR THE TERMINATION OF
DUPLICATIVE PRODUCTION AFTER 1983.
SHLAUDEMANN

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